

DEPARTMENT OF WORKFORCE DEVELOPMENT  
DIVISION OF WORKFORCE SOLUTIONS  
ADMINISTRATOR'S MEMO SERIES

NOTICE 04-09 Revised

ISSUE DATE: 08/03/2004  
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RE: CALENDAR YEAR 2005  
CHILD SUPPORT  
PERFORMANCE  
MEASURES, FFY02  
INCENTIVES SPECIAL  
IMPROVEMENT FUNDS,  
AND CY2005  
PERFORMANCE BASED  
FUNDS

To: Child Support Agency Directors

From: Bill Clingan /s/  
Division Administrator

Revised to correct Chart A on Current Support Collection and Chart A on Arrears Collection on Attachment 1.

The Child Support contract between the Department and local agencies specifies that certain funds will be awarded on a performance basis. The federal incentives earned by Wisconsin for FFY 2002 provided additional funding from the original projections. This memo describes the performance standards which apply to the regular incentive funding for CY 2005 (January 1, 2005 – December 31, 2005) and the FFY 2002 Special Improvement Funds. Allocations for the Incentives Special Improvement Funds are attached to this memo. Contract allocations for CY 2005 regular performance-based funding will be issued in May.

## **BACKGROUND**

The federal government allocates child support incentive funding to states based on performance. The amount of money allocated to each state is determined based on each state's collections and performance on five performance measures: #1 court order establishment; #2 paternity establishment; #3 percentage of current support collected; #4 arrearage cases with a collection; and #5 cost effectiveness. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 prohibits the use of performance-based funds for programs or services other than child support. Therefore, all child support incentive funds must be used by local agencies to pay the costs of child support program

administration and for no other purpose. States are not permitted to supplant spending with increased federal incentive funds. Local agencies must reinvest the increased incentive funds in the child support program to improve performance.

To ensure that Wisconsin earns the highest possible federal award, the Division of Workforce Solutions (DWS) and child support agencies use a performance-based approach to provide state funding to local child support agencies.

The incentive distribution process is defined in Administrative Rule DWD 44, Child Support Incentive Payments. Under the Rule, federal standards or other measures may be used to help Wisconsin meet statewide performance goals.

Administrator's Memo 03-21 outlined the incentive payment process and the performance requirements for state-county contract year 2004. This memo outlines the incentive payment process and the performance requirements for state-county contract year 2005, which includes the special improvement funding amounts. DWS determined these performance measures, targets, and incremental improvement criteria in consultation with a committee of county representatives from the child support Policy Advisory Committee (PAC).

## **PERFORMANCE-BASED ALLOCATION METHODOLOGY**

Projected Regular Incentive Funding for CY 2005 – The estimated amount of federal incentive funds available for the performance-based allocation in 2005 is \$13.1 million. When matched with 66 percent federal funds for allowable child support activities, the \$13.1 million generates \$25.43 million in federal funds, for a total of \$38.53 million for the local CSAs. In the event that actual child support incentive funds for 2005 are greater than or less than \$13.1 M., the actual amount will be prorated across all counties according to each agency's prorated share of earned incentives. An Administrator's Memo with the \$13.1 M. allocation for 2005, by county, will be issued in May, 2004.

Special Improvement Funds for CY 2004 and 2005 - Actual federal incentives for FFY02 were \$15,924,085. The CY 2004 contract amount of \$12.34 M. has already been allocated to counties. Under Wisconsin statute, the amount in excess of \$12.34 M. is split between DWD and the counties, 50% - 50%. Therefore, an additional \$1,792,043 in federal funding is available for counties to boost statewide performance.

Wisconsin is already receiving 100% of available performance funding for three federal measures, #1 Court Order Establishment; #2 Paternity Establishment; and #5 Cost Effectiveness. However, improvement in the two remaining performance measures, #3 Current Support Collection Rate and #4 Arrears Collection Rate would significantly increase Wisconsin's federal incentive payments in future years.

The additional \$1,792,043 available for counties may be used across two years, CY 2004 and CY 2005. No advances will be provided. A contract addendum awarding these amounts has been issued. A three-tiered allocation methodology distributed approximately 2/3 of the Special Improvement funds across all counties (Tier 1), and approximately 1/3 of the Special Improvement funds to very-low-performing counties (Tier 2 and Tier 3).

Tier 1) All counties will share \$1.26 M plus matching federal funds based on the standard caseload formula. These funds are guaranteed at 80%.

Tier 2) Thirteen low-performing counties will receive \$36,183 plus matching federal funds to fund improvements on performance measures #3 and/or #4. These funds are guaranteed at 80%.

Tier 3) Five large, very-low-performing counties will receive \$495,860 plus matching federal funds to fund improvement on performance measure #3 and/or measure #4. These funds are guaranteed at 70%. Counties must meet higher improvement standards to earn 100% of these funds.

Attachment 1, Column A-D shows each agency's total projected performance-based allocation. Those projected amounts are subject to the performance standards described in this memo.

#### Performance Improvement Plans

Tier 2 and Tier 3 counties must submit Performance Improvement Plans to qualify for the Special Improvement funds. BCS will issue a Child Support Letter with instructions and a Performance Improvement Plan model template for your use.

#### Earning 2005 Regular Performance Funds and 2004-05 Special Improvement Funds -

The agency's performance as of September 30, 2005, will be used to determine the actual earned amount for all performance funds.

Incentives may be earned in two ways. An agency may earn 100% of the available funding by meeting or exceeding the statewide target, or an agency may earn 100% of the available funding based on incremental improvement toward the statewide target.

If some agencies do not meet performance standards for the regular incentive funding or the Tier 1 and Tier 2 allocations, any unearned funds will be distributed to all agencies based on each agency's proportionate share of the statewide earnings.

If some Tier 3 agencies do not meet performance standards for Tier 3 funding, any unearned funds will be distributed to *all non-Tier 3* agencies based on each agency's proportionate share of the non-Tier 3 agency earnings.

### **PERFORMANCE TARGETS, MEASURES AND INCREMENTAL IMPROVEMENT REQUIREMENTS**

Summary - The following information summarizes the 2005 performance standards that apply to the regular incentive funding for 2005 and to special improvement funds. A detailed description of the performance standards for each measure is also provided.

- In CY 2005, the baseline date for all performance measures is September 30, 2003 (no change from CY 2004).
- In CY 2005, the statewide targets and incremental improvement requirements for Court Order Rate and Paternity Establishment Rate will be unchanged from CY 2004.
- In CY 2005, the statewide targets and incremental improvement for Current Support Collection Rate and the Arrears Cases with Collections Rate will be significantly increased for all counties.

- Tier 3 counties will be held to a higher incremental improvement rate for Current Support Collections and Arrears Cases with Collections.
- In CY 2005, Regular Incentive Funding, Tier 1 and Tier 2 funds are guaranteed at 80%; Tier 3 special improvement funds are guaranteed at 70%.

### **Court Order Rate – Performance Measure 1 on the OCSE-157 Report**

The Court Order Rate (CO Rate) is the ratio of the number of IV-D cases with court orders to the total number of IV-D cases as of the last day of the federal fiscal year (September 30). Court orders include all types of legally enforceable court orders, including current support orders, arrearage orders, medical support orders, work-search orders, and orders that are held open by the court. (See Child Support Bulletin 01-31.) Wisconsin's CO Rate is consistent with the federal court order performance measure.

Twenty-five percent (25%) of the regular incentive and Tier 1 performance-based allocation will be awarded based on the court order establishment measure.

#### **Statewide Target and Baseline (No change for CY 2005)**

The statewide target for court order establishment is 80%. Agencies that have a CO Rate of 80% as of September 30, 2005 will earn 100% of the available allocation under this measure. The baseline for this measure is the agency's CO Rate as of September 30, 2003. See CSL 04-12.

#### Agencies with a CO Baseline Rate of 78.5% or Above on September 30, 2003

Agencies that have a CO Baseline Rate at or above 78.5% can earn 100% if they have a performance level at or above the statewide target of 80% on September 30, 2005. If an agency has a CO Rate below 80% on September 30, 2005, the agency will earn between 80% and 99.3% under this measure. See Court Order Chart A.

#### Agencies with a CO Baseline Rate below 78.5% on September 30, 2003

Agencies with a CO Baseline Rate below 78.5% can earn 100% based on incremental improvement of 1.5%. These agencies will earn between 80% and 100% under this measure based on performance changes during the period. The performance changes are calculated by comparing the agency's CO Rate on September 30, 2005 with the agency's CO Rate on September 30, 2003. See Court Order Chart B.

- Agencies that remain at the same performance level during the year will earn 90% under this measure.
- Agencies that show improved performance of 0.10% to 1.5% during the year will earn between 90.7% and 100% under this measure.
- Agencies that show declining performance of -0.10% to -1.5% during the year will earn between 89.3% and 80% under this measure.

### **Paternity Establishment Rate –**

## Performance Measure 2 on the OCSE-157 Report

The Paternity Establishment Rate (PE Rate) is the ratio of the number of paternity-related children present in the IV-D caseload as of September 30, 2003 to the total number of paternity-related children present in the IV-D caseload anytime during the federal fiscal year who have paternity established.

The definition of paternity-related children includes all children under the age of 19 for whom paternity has ever been an issue. The definition of paternity establishments include paternity acknowledgements, legitimations, or judicial actions to establish paternity, whether or not the agency handled the paternity action. Each paternity-related child is counted only once, even if the child is present in multiple IV-D cases.

Included in the count are paternity-related children whose IV-D cases close or who turn age 19 during the year. For this reason, many agencies will achieve more than 100% PE Rate. Wisconsin's PE Rate is consistent with the federal paternity establishment performance measure.

Twenty-five (25%) of the regular incentive and Tier 1 performance-based allocation will be awarded based on the paternity establishment measure.

### **Statewide Target and Baseline (No change for CY 2005)**

The statewide target for paternity establishment is 90%. Agencies that have a PE Rate of 90% as of September 30, 2005 will earn 100% of the available allocation under this measure. The baseline for this measure is the agency's PE Rate as of September 30, 2003. See CSL 04-12.

#### Agencies with a PE Baseline Rate of 89% or Above on September 30, 2003

Agencies that have a PE Baseline Rate at or above 89% can earn 100% if they have a performance level at or above the statewide target of 90% on September 30, 2005. If an agency has a PE Rate below 90% on September 30, 2005, the agency will earn between 80% and 99% under this measure. See Paternity Establishment Chart A.

#### Agencies with a PE Baseline Rate of Below 89% on September 30, 2003

There are no Wisconsin agencies with a PE Baseline Rate below 89% on September 30 2003!

## Current Support Collection Rate – Performance Measure 3 on the OCSE-157 Report

The Current Support Collection Rate (CSUP Rate) is the ratio of the total amount of current child support due in the IV-D caseload during the federal fiscal year to the total amount of current support disbursed in the IV-D caseload during the federal fiscal year. The current support due and current support disbursed are cumulative for each month of the federal fiscal year. Wisconsin's Current Support Collection Rate is consistent with the federal current support collection performance measure.

Twenty-five percent (25%) of the regular incentive and Tier 1 performance-based allocation will be awarded based on the current support collection rate measure.

Seventy percent (70%) of the Tier 2 and Tier 3 performance-based allocation will be awarded based on the current support collection measure.

### **Target and Baseline for Regular Incentive Funding, Tier 1 and Tier 2 Funding**

The statewide target for the Current Support Collection Rate is 80%. Agencies that have a CSUP Rate of 80% as of September 30, 2005 will earn 100% of the available funding under this measure. The baseline for this measure is the agency's CSUP Rate as of September 30, 2003. See CSL 04-12.

Agencies that have a CSUP rate below 80% as of September 30, 2005, will need to show incremental improvement of 2% to earn 100% of Regular Incentive funding, Tier 1 and Tier 2 funding, as follows:

#### Agencies with a CSUP Baseline Rate of 78% or Above on September 30, 2003

Agencies that have a CSUP Baseline Rate at or above 78% will earn 100% if they reach the statewide target of 80% on September 30, 2005. If an agency has a CSUP Rate below 80% on September 30, 2005, the agency will earn between 80% and 99% under this measure. See Current Support Collection Establishment Chart A.

#### Agencies with a CSUP Baseline Rate of below 78% on September 30, 2003

Agencies with a CSUP Baseline Rate below 78% will earn 100% based on incremental improvement of 2%. These agencies will earn between 80% and 100% under this measure based on performance changes during the period. The performance changes are calculated by comparing the agency's CSUP Rate on September 30, 2005 with the agency's CSUP Rate on September 30, 2003. See Current Support Collection Chart B.

- Agencies that remain at the same performance level during the year will earn 90% under this measure.
- Agencies that show improved performance of 0.10% to 2% during the year will earn between 90.5% and 100% under this measure.
- Agencies that show declining performance of -0.10% to -2% during the year will earn between 89.5% and 80% under this measure.

#### Additional Incremental Improvement Requirement for Tier 3 Agencies

Tier 3 funding is guaranteed at 70%. The incremental improvement requirement to earn 100% of Tier 3 funding will be 3%. This includes the 2% incremental improvement required for Regular Incentive Funding and Tier 1 funding, *plus 1%*.

- Agencies that achieve up to 2% incremental improvement or show declining performance during the period will earn 70% of the Tier 3 funds tied to this measure.
- Agencies that show improved performance of 2% to 3% during the year will earn between 70% and 100% of the Tier 3 funds tied to this measure.
- Any unearned portion of the Tier 3 funding will be reallocated to all other CSAs. The Tier 3 counties will not participate in this reallocation.

## **Arrearage Cases Collection Rate – Performance Measure 4 on the OCSE-157 Report**

The Arrearage Case Collection Rate (ACC Rate) is the ratio of the number of IV-D cases present in the caseload during the federal fiscal year with an arrearage balance to the number of arrearage cases with a qualifying payment disbursed toward arrearages at any time during the federal fiscal year. Exception: A tax intercept collection that is applied toward state arrearages is not considered a qualifying arrearage disbursement when there are also arrearages owed to the family.

The definition of an arrearage case includes IV-D cases with an arrearage, interest or past-support balance greater than zero. Cases with only current support debts, spousal, lying-in, and/or other cost debts are not included. Each arrearage case is counted only one time during the federal fiscal year, and each arrearage case with a qualifying arrearage disbursement is counted only once, no matter how many qualifying arrearage disbursements occur during the year. Wisconsin's Arrearage Case Collection Rate is consistent with the federal arrearage collection performance measure.

Twenty-five percent (25%) of the Regular Incentive Funding and Tier 1 funding will be awarded based on the arrearage collection measure.

Thirty percent (30%) of the Tier 2 and Tier 3 performance-based allocation will be awarded based on the arrearage collection measure.

### **Target and Baseline for Regular Incentive Funding, Tier 1 and Tier 2 Funding**

The statewide target for Arrearage Case Collection Rate is 80%. Agencies that have a ACC Rate of 80% as of September 30, 2005 will earn 100% of the available funding under this measure. The baseline for this measure is the agency's ACC Rate as of September 30, 2003. See CSL 04-12.

Agencies that have a ACC Rate below 80% as of September 30, 2005, will need to show incremental improvement of 4% to earn 100% of Regular Incentive funding, Tier 1 and Tier 2 funding, as follows:

#### Agencies with an ACC Baseline Rate of 76% or Above on September 30, 2003

Agencies that have an ACC Baseline Rate at or above 76% will earn 100% if they reach the statewide target of 80% on September 30, 2005. If an agency has an ACC Rate below 80% on September 30, 2005, the agency will earn between 80% and 99% under this measure. See Arrears Case Collection Chart A.

#### Agencies with an ACC Baseline Rate of Less than 76% on September 30, 2003

Agencies with an ACC Baseline Rate of below 76% will earn 100% based on incremental improvement of 4%. The agency will earn between 80% and 100% under this measure based on performance changes during the period. The performance changes are calculated by comparing the agency's ACC Rate on September 30, 2005 with the agency's ACC Rate on September 30, 2003. See Arrears Case Collection Chart B.

- Agencies that remain at the same performance level during the year will earn 90% under this measure.
- Agencies that show improved performance of 0.20% to 4% during the year will earn between 90.5% and 100% under this measure.
- Agencies that show declining performance of –0.20% to –4%% during the year will earn between 89.5% and 80% under this measure.

#### Additional Incremental Improvement Requirements for Tier 3 Agencies

Tier 3 funding is guaranteed at 70%. The incremental improvement requirement to earn 100% of Tier 3 funding will be 6%. This includes the 4% incremental improvement required for Regular Incentive Funding and Tier 1 funding, *plus* 2%.

- Agencies that achieve up to 4% incremental improvement or show declining performance during the period will earn 70% of the Tier 3 funds tied to this measure.
- Agencies that show improved performance of 4% to 6% during the year will earn between 70% and 100% of the Tier 3 funds tied to this measure.
- Any unearned portion of the Tier 3 funding will be reallocated to all *other* CSAs. The Tier 3 counties will not participate in this reallocation.

REGIONAL OFFICE CONTACT: CS Regional Administrators

Attachments